

House Bill 550 (AS PASSED HOUSE AND SENATE)

By: Representatives Meadows of the 5th, Dempsey of the 13th, Neal of the 1st, Loudermilk of the 14th, Burkhalter of the 50th, and others

A BILL TO BE ENTITLED
AN ACT

To amend Code Section 33-14-76 of the Official Code of Georgia Annotated, relating to conversion of a mutual insurer to a stock insurer, so as to provide an additional method of payment by a mutual life insurer of the equity; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

Code Section 33-14-76 of the Official Code of Georgia Annotated, relating to conversion of a mutual insurer to a stock insurer, is amended by revising paragraph (6) of subsection (b) as follows:

"(6) The plan, as elected by the insurer and voted upon by the members, gives to each policyholder of the insurer as specified in paragraph (5) of this subsection one of the following:

(A)(i) A preemptive right to acquire his or her proportionate part of all of the proposed capital stock of the insurer within a designated reasonable period and to apply upon the purchase price thereof the amount of his or her equity in the insurer as determined in paragraph (4) of this subsection.

(ii) Shares are so offered to policyholders at a price not greater than that to be thereafter offered to others.

(iii) The plan provides for payment, to each policyholder not electing to apply his or her equity in the insurer for or upon the purchase price of stock to which preemptively entitled, of cash in the amount of not less than 50 percent of the amount of his or her equity not so used for the purchase of stock, which cash payment together with stock so purchased, if any, shall constitute full payment and discharge of the policyholder's equity as an owner of the mutual insurer;

(B)(i) Payment in cash to each policyholder of 100 percent of his or her equity in the insurer, as determined in paragraph (4) of this subsection.

(ii) If a life insurer, payment may be provided as a paid-up life insurance policy with a cash value equal to 100 percent of the policyholder's equity in the insurer; provided, however, that the insurer may not impose a surrender charge on any policyholder electing to surrender his or her paid-up life insurance policy for its cash value; or

(C)(i) A preemptive right to acquire a percentage of his or her proportionate part of all of the proposed capital stock of the insurer within a designated reasonable period and to apply upon the purchase price thereof that same percentage amount of his or her equity in the insurer as determined in paragraph (4) of this subsection.

(ii) Shares are so offered to policyholders at a price not greater than that to be thereafter offered to others.

(iii) The plan provides for payment, to each policyholder not electing to apply his or her equity in the insurer for or upon the purchase price of stock to which preemptively entitled, of cash in the amount of not less than 50 percent of the amount of his or her equity not so used for the purchase of stock, which cash payment together with stock so purchased, if any, shall constitute full payment and discharge of the policyholder's equity as an owner of the mutual insurer."

SECTION 2.

All laws and parts of laws in conflict with this Act are repealed.